THE MESSAGE.

President Cleveland's Annual Communication to Congress.

Our Foreign Relations in a Highly Satisfactory Condition.

A Reduction of the Surplus Revenue Earnestly Urged.

He Renews His Recommendation for a Suspension of Silver Coinage.

The Fishery Troubles-The Cutting Case-Civil-Service Reform.

Citizenship and Naturalization--Interstate Traffic--Capital and Labor.

The United States and China Negotiating Regarding Chinese Immigration.

The Necessity for Coast Defenses Explained and Urged Upon Congress.

▲ Proposition to Establish National Prisons for Federal Convicts.

To the Congress of the United States:
In the discharge of a constitutional duty, and following a well-established precedent in the Elecutive office, I herewith transmit to the Congress, at its reassembling, certain information concerning the state of the Union, together

with such recommendations for legislative conmideration as appear necessary and expedient.

FOREIGN RELATIONS

The Government has consistently maintained
its relations of friendship toward all other
powers, and of neighborly interest toward those
whose possessions are contiguous to our own. whose possessions are contiguous to our own.

Fow questions have arisen during the past year
with other Governments, and mone of those are beyond the reach of settlement in a friendly

CLAIMS AGAINST CHILL CLAIMS AGAINST CHILL.

We are as yet without provision for the settlement of claims of citizens of the United States against Chill for injuries during the late war with Peru and Bolivia. The Mixed Commissions, organized under claims conventions, concluded by the Chill Government with certain Proposes at the paye developed an amount of European states, have developed an amount of friction which we trust can be avoided in the convention which our representative at Santiago is authorized to negotiate.

THE CHINESE QUESTION.

The cruel treatment of inoffensive Chinese has, I regret to say, been repeated in some of the far Western States and Territories, and acts of violence against these people beyond the power of the local constituted authorities to event and difficult to punish, are reported on in distant Alaska. Much of this violence can be traced to race prejudice and competition of inbor, which cannot, however, justify the op-pression of strangers whose safety is guaranteed by our treaty with China equally with the most favor d nations. In opening our vast domain to alien actilement, the purpose of our lawgivers was to invite assimilations and not to provide was to invite assimilations and not to provide an arena for endless antagonisms. The paramount duty of maintaining public order and defending the interests of our people may require the adoption of measures of restriction, but they should not tolerate the oppression of individuals of a special race. I am not without assurance that the Government of China, whose friendly disthe Government of China, whose friendly dis-position toward us I am most happy to recog-nize, will meet us half way in devising a comprehensible remedy, by which an effective limitation of Chinese emigration, joined to pro-tection of those Chinese subjects who remain in

this country, may be secured. Legislation is needed to execute the provisions of our Chinese convention of 1880 touching the opium traffic.

INTEROCEANIC TRANSIT.

While the good-will of the Colombian Government toward our country is manifest, the situation of American interests on the Isthmus of Panama has at times elicited concern, and invited friendly action looking to the performance of the engagements. looking to the performance of the engagements of the two nations concerning the territory em-braced in the interoceanic transit. With the subsidence of the Isthmian disturbances and the erection of the State of Panama into a Fed-eral district under the direct government of the constitutional administration at Bogota, a new order of things has been inaugurated which, although as yet somewhat experimental and affording scope for arbitrary exercise of power by the delegates of the national authority, promises much improvement.

THE "LIBERTY" STATUE.

The sympaticy between the records of the

The sympathy between the people of the United States and France, born during our colonial struggle for independence, and continuing to-day, has received a fresh impulse in the successful completion and dedication of the colossal statue of "Liberty Enlightening the World," in New York harbor, the gift of French-

men to Americans.
SUBMARINE CABLES.
A convention between the United States and A convention between the United States and certain other powers for the protection of submarine cables was signed at Paris on March 14, 1884, and has been duly ratified and proclaimed by this Government. By agreement between the high contracting parties, this convention is to go into effect the 1st of January next, but the legislation required for its execution in the United States has not yet been adopted. I earnestly recommend its enactment.

Cases have continued to occur in Germany giving rise to much correspondence in relation to the privilege of sojourn of our naturalized citizens of German origin revisiting the land of their birth, yet I am happy to state that our relations with that country have lost none of their accustomed cordiality.

Tonnage dues illegally exacted from certain to make dues illegally exacted from certain

tonnage dues illegally exacted from certain German steamship lines were favorably re-ported in both houses of Congress at the last session, and, I trust, will recall to find the last

on, and, I trust, will receive final and favor-attention at an early day. THE FISHERY TROUBLES, THE FISHERY TROUBLES.

The recommendation contained in my last annual message in relation to a mode of settlement of the fishery rights in the waters of British North America, so long a subject of anxious difference between the United States and Great Britain, was met by an adverse vote of the Sential Like and theresponding propositions. ate April 13th last, and thereupon negotiations were instituted to obtain an agreement with liver Britannic Majesty's Government for the promul-Britannic Majesty's Government for the promul-gation of such joint interpretation and defin-tion of the article of the convention of 1813, relating to the Territorial waters and inshore fisheries of the British provinces, as should se-cure the Canadian rights from encroachment by United States fishermen, and, at the same time, insure the enjoyment by the latter of the privileges guaranteed to them by such conven-tion.

given rise to earnest international discussion, not unaccompanied by irritation. Temporary arrangements by treaties have served to allay friction, which, however, has revived as each

friction, which, however, has revived as each treaty has terminated.

The last arrangement, under the treaty of 1871, was abrogated, after due notice by the United States, on June 30, 1885, but I was enabled to obtain for our fishermen for the remainder of that season enjoyment of the full privileges accorded by the terminating treaty. The Joint Commission by whom the treaty had been negotiated, although invested with plonary wayer to make a resument settlement were been negotiated, although invested with plonary power to make a permanent settlement, were content with a temporary arrangement, after the termination of which the question was relegated to the stipe tions of the treaty of 1818, as to the first article or which no construction satisfactory to both countries has ever been agreed upon. The progress of civilization and growth of population in the British provinces to which the fisheries in question are contiguous, and the expansion of commercial intercourse between them and the Unite: States, present a condition of affairs scarcely realizable at the date of the negotiations of isis. New and vast interests have been brought into existence. Modes of intercourse between the respective countries have been invented and multiplied; the methods of conducting the fisheries have been wholly changed; and all this is necessarily entitled to candid and careful consideration in the adjustment of is necessarily entitled to candid and careful consideration in the adjustment of the terms and conditions of intercourse and commerce between the United States and their ne ghbors about a fruitier of over 3,500 miles. This proplinguity, community of language and occupation, and similarity of political and social institutions, indicate the practicability and obvious wisdom of maintaining inutually beneficial and friendly relations. While I am unfeignedly desirous that such relations should exist between us and the inhabitants of Canada, yet the action of their officials during the past

eason toward our fishermen has been such as to seriously threaten their continuance.

Although disappointed in my efforts to secure a satisfactory settlement of the fishery question. negotiations are still pendin; with rousenable hope that before the close of the present ses-sion of Congress the announcement may be nade that an acceptable conclusion has been

reached.

At an early day there may be laid before Congress the correspondence of the Department of State in relation to this important subject, so that the history of the past asking season may be fully disclosed and the action and the attitude of the administration clearly comprehended. More extended reference is not deem-

ed necessary in this communication.

THE ALASSA BOUNDARY.

The recommendation submitted last year that provision be made for a preliminary recomnoissance of the conventional boundary line between Alaska and British Columbia, is re-

newed.

I expressed my unnesitating conviction that the intimacy of our relations with Hawaii should be emphasized. As a result of the reciprocity treaty of 1875, those islands, on the highway of or ental and Australian traffic, are virtually an outpost of American commerce and a stepping-stone to the growing trade of the Pacific. The Polynesian island groups have been so absorbed by other and more powerful governments, that the Hawaiian Islands are left almost alone in the enjoyment of their autonomy which it is important for us should be preserved. Our treaty is now terminable on one year's notice, important for as should be preserved. Our treaty is now terminable on one year's notice, but propositions to abrogate it would be, in my judgment, most ill-advised. The paramount influence we have there acquired, once relinquished, could only with difficulty be regained, and a valuable coign of vantage for ourselves might be converted into a stronghold for our commercial competitors. I earnestly recommend that the existing treaty stipulations be extended for a futher term of seven years. A recently signed treaty to this end is now before the Senate.

The importance of telegraphic communication between these islands and the United States should not be overlooked.

States should not be overlooked.

BELATIONS WITH JAFAN.

The question of a general revision of the treaties of Japan is again under discussion at Tokio. As the first to open relations with that empire and as the nation in most direct commercial relation with Japan, the United States have lost no opportunity to testify their consistent friendship by supporting the hist claims of Japan to autonomy and independence among nations. A treaty of extradition between the United States and Japan, the first concluded by that empire, has been lately proclaimed.

THE WEAKNESS OF LIBERIA.

and the difficulty of maintaining effective sovereignty over its outlying districts have exposed that republic to encroachment. It can not be forgotten that this distant community is an off-

forgotten that this distant community is an offshoot of our own system, owing its origin to the associated benevolence of American citizens, whose praiseworthy efforts to create a nucleus the Antilles, and by reducing passport fees, has of civilization in the dark continent have comof civilization in the dark continent have com-manded respect and sympathy everywhere, es-pecially in this country. Although a formal protectorate over Liberia is contrary to our traditional policy, the meral right and duty of the United states to assist in all proper ways the maintenance of its integrity is obvious, and has been consistently announced dur-ing nearly half a century. I recommend that in the re-granization of our mavy, a small vessel, no longer found adequate to our needs, be presented to Libera to be employed by it in the protection of its constwise revenues.

the protection of its coastwise revenues.

OUR SISTER REPUBLIC.

The encouraging development of beneficial and intimate rolations between the United States and Mexico, which has been so marked within the past few years is at once the occasion of congratulation and of friendly solicitude. I argently renew my former representation of the need of speedy legislation by Contract the correction of the need of speedy legislation by Contract the correction of the need of speedy legislation by Contract the correction of the need of speedy legislation by Contract the correction of the need of speedy legislation by Contract the correction of the need of speedy legislation by Contract the correction of the need of speedy legislation by Contract the contract the need of speedy legislation by Contract the contract the need of speedy legislation by Contract the contract the need of speedy legislation by Cont gress to carry late effect the reciprocity com-mercial convention of January 120, 1833. Our commercial treaty of 1831 with Maxico was terminated according to its provisions in 1831, upon the notification given by Mexico, in pursuance of her announced pol-ter of resisting all her compressal treaties icy of recasting all her commercial treaties. Mexico has since concluded with several for-eign governments new treaties of commerce and navigation defining alien rights of trade, property, and residence, treatment of shipping, consular privileges, and the like. Our yet un-executed reciprocity convention of lass covers none of these points, the settlement of which is so necessary to good relationship, and propose to initiate with Mexico negotiations for a new and enlarged treaty of commerce and naviga

In compliance with a resolution of the Senate I communicated to that body on August 2 last, and also to the House of Representatives, the correspondence in the case of A. K. Cutting, an American citizen, then imprisoned in Mexico, charged with the commission of a penal offense in Texas, of which a Mexican citizen was the Object. After a demand had seen made for his release the charge against him was amended so as to include a violation of Mexican law within punished in conformity with Mexican laws. Jurisdiction was sustained by the courts of Mexico in the Cutting case and approved by the executive branch of that Government upon the authority of the Mexican statute. The Appellate Court, in releasing Mr. Cutting, decided that the abandonment by the Mexican citizens aggreeved by the alieged crime in libelous publication, removed the basis of further prosecution, and also deciared justice to have been satisfied by the enforcement of a small part of the original sentence. The admission of such a pretension would be attended with serious results, invasive of the jurisdiction of this Government, and highly dangerous to our citizens ment, and highly dangerous to our citizens foreign lands; therefore I have denied it, d protested against its attempted exercise, and protested against its attempted exercise, as unwarranted by the principles of law and international usage, A sovereign has jurisdiction of offenses which take effect within his territory, although concerted or commenced outside of it, but the right is denied of any foreign sovereign to punish a citizen of the United States for an offense consummated on our soil in violation of our laws, even though the offense be against a subject or citizen of such sovereign. The Mexican statute in question makes the claim broadly, and the princisuch sovereign. The Mexican statute in ques-tion makes the claim broadly, and the princi-ple, if conceded, would create a dual responsi-bility in the citizen, and lead to a confusion destructive of that certainty in the law which is an essential of liberty. When citizens of the United States voluntarily go into a for-eign country they must abide by the laws there in force, and will not be protected by their own Government from the consequences of an of-fense against those laws committed in such for-eign country; but watchful care and interest of fense against those laws committed in such foreign country; but watchful care and interest of
this Government over its citizens are not relinquished because they have gone abroad, and if
charged with crime committed in a foreign
land, a fair and open trial, conducted with decent regard for justice and humanity, will be
demanded for them. With less than that
this Government will not be content, when the
life or liberty of its citizens is at stake. Whatover the degree to which extra territorial
eiminal jurisdiction may have been formerly
allowed by consent and reciprocal agreement
among certain of the European states, no such
doctrine or practice was ever known to the laws
of this country, or of that from which our institutions have mainly been derived. In the case of Mexico there are reasons especially strong for perfect harmony in the actual exercise of jurisdiction. Nature has made us irrevocably neighbors, and wisdom and kind feeling should make us friends. The overflow of capital and enterprise from the The questions involved are of long standing, f grave consequence, and from time to time or nearly three-quarters of a century have

United States is a potent factor in assisting the development of the resources of Mexico, and in building up the property of both countries. To assist this good work, all grounds of apprehension for the security of person and property should be removed, and trust that, in the intercets of cood paightperhoad, the statute referred ests of good neighborhood, the statute referred to will be modified so as to eliminate the pres-ent possibilities of danger to the peace of the two countries.

THE NETHERLANDS THE NETHBILANDS.

The Government of the Netherlands has exhibited concern in relation to certain features of our tariff laws, which are supposed by them to be aimed at a class of tobacco produced in the Dutch East Indies. Comment would seem unnecessary upon the unwisdom of legislation appearing to have a special nati nal discrimination for its object which, although unintentional, may give rise to injurious retaliation.

The establishment, less than four years ago, of a legation at Teheran is bearing fruit in the interest exhibited by the Shah's government in the industrial activity of the United States and the opportunities of beneficial interchange.

PERU.

Stable government is now happily restored in Peru by the elect on of a constitutional President, and a period of rehabilitation is entered upon; but recovery is necessarily slow from the exhaustion caused by the late war and civil disturbances. A convention to adjust by aroi-tration the claims of our citizens has been promised and is under consideration.

THE TESTIMONIALS SENT TO SIBERIA.

The naval officer who bere to Siberia the testimonials bestowed by Congress in recognition of the aid given to the Jeannette survivors. has successfully accomplished his mission. His interesting report will be submitted. It is pleasant to know that this mark of appreciation has been welcomed by the Russian gov-ernment and people as belits the traditional friendship of the two countries.

THE SAMOAN ISLANDS.

Civil perturbations in the Samoan Islands have during the past few years been a source of considerable embarrassment to the three gov-ernments, Germany, Great Britain and the United States—whose relations and extra-territorial rights in that important group are guaranteed by treaties. The weakness of the native administration and the conflict of opposing interests in the islands have lest king Malieton to seek alliance or protection in some one quarter, regardless of the distinct engagements whereby regardless of the distinct engagements whereby no one of the three treaty powers may acquire any paramount or exclusive interest. In May last Malietoa offered to place Samoa under the protection of the United States, and the late Consul, without authority, assumed to grant it. The proceeding was promptly disavowed, and the over-zealous official recalled. Special agents of the three governments have been deputed to exemine the situation. recalled. Special agents of the three governments have been deputed to examine the situation in the islands, with a change in the representation of all three powers, and a harmonious understanding between them. The peace, pros-perity, autonomous administration, and neutrality of Samoa can hardly fail to be secured.

CUBA AND PORTO RICO.

It appearing that the Government of Spain did not ext nit to the flag of the United States in the Antilles the whole measure of reciprocity requisite under our statute for the continuance of the suspension of discriminations against the Spanish flag in our ports, I was constrained in October last to rescind my predecessor's proclamation of Fee 14, 1881, permitting such suspension. An arrangement was, however, specific reached, and upon notification from the Government of Spain that all differential treatment of our vessels and their cargoes from the United States or from any foreign country, had been completely and absolutely relinquished, I availed myself of the discretion conferred by law, and issued on the 7th of October my proclamation declaring reciprocal suspension in the United States it is most gratifying to bear testimony to the earnest squisite under our statute for the continuance gratifying to bear testimony to the earnest spirit in which the Government of the Queen regent has met our efforts to avert the initiation of commercial discriminations and reprisals, which are ever dangerous to the material interests and the political good-will of the countries they may affect. The profitable development of the large commercial exchanges between the United States and the canish Antilles is naturally an object of solicitude, Lying close at our doors, and finding here their markets of supply and demand, the welfare of Cuba and Porto Rico and their production and trade are scarcely less important to us than to Spain. Their commercial and financial movements are so naturally part of the statement of the statement of the scarce of the statement a part of our system that no obstacle to fuller, freer intercourse should be permitted to exist. The standing instructions of our representatives at Madrid and Havana have for years been to leave no effort unessayed to further those ends, and at no time has the equal good desire of Spain been more hopefully manifested than now. The Government of Spain thus removing the consular tomage fees on cargoes shipped to

eled intercourse. TUBERTY. An effort has been made during the past year to remove the hindrances to the proclamation of the treaty of naturalization with the Sublime Porto, signed in 1874, which has remained inoperative owing to a disagreement of interpretation of the clauses relating to the effects of the return to and sojourn of a naturalized citizen in the land of his origin. I trust soon to be able to announce a favorable settlement of the differ-

ences as to this interpretation.

It has been highly satisfactory to note the improved treatment of American missionaries in Turkey, as has been attested by their acknowledgments to our late Minister to that Govern-ment of his successful exertions in their behalf.

VENEZURDA.

The exchange of ratification of the convention of December 5, 1885, with Venezuela for the re-opening of the awards of the Caracas commisopening of the awards of the Caracas commis-sion under the claims convention of 1895, has not yet been effected, owing to the delay of the Ex-ecutive of that Republic in ratifying the meas-ure. I trust that this postponement will be brief; but should it much longer continue, the delay may well be regarded as a rescision of the delay may well be regarded as a rescision of the compact, and a fairure on the part of Venezuela to complete an arrangement so persistently sought by her during many years, and assented to by this Government in a spirit of international fairness, although to the detriment of holders of bona fide awards of the impugned Omnission, CITIZENSHIP AND NATURALIZATION,

CITIZENSHIP AND NATURALIZATION,
I renew the recommendation of my last annual message, that the existing legislation concerning citizenship and naturalization be rovised. We have treaties with many states providing for the renunciation of citizenship by naturalized aliens, but no statute is found to give effect to such engagements, nor any which provides a needed central bareau for the registration of naturalized citizens,

EXTRADITION LAWS.
Experience suggests that our statutes regulating extradition might be alvantageously amonded by a provision for the transit across our territory now a convenient thoroughfare of

as to include a violation of Mexican law within Mexican territory. This joinder of alleged offenses, one within and the other exterior to Mexico, induced me to order, a special investigation of the case, pending which Mr. Cutting was released. The incident has, however, disclosed a chaim for jurisdiction by Mexico novel in our history, whereby any offense, committed anywhere by a foreigner, penal in the place of its commission, and of which a Mexican is the object, may, if the offender be found in Mexico, be there tried and punished in conformity with Mexican laws. Jurisdiction was sustained by the courts of ment to a third State. Such provisions are unusual in the legislation of other countries, and tend to prevent the miscarrying of justice. It is also desirable, in order to remove present uncertainties, that authority should be conferred on the Secretary of State to issue a certificate in case of an arrest for the purpose of extradition to the officer before whom the preceding is pending, showing that a requisition for the surrender of the present charged has been duly made. Such a certificate, if required to be received before the prisoner's examination, would prevent a long and expensive indicial inquiry into a charge which the foreign government might not desire to press. I also recommend that express provision be made for the immediate discharge from custody of persons committed for extradition where the President is of the opinion that surrender should not be made.

The drift of sentiment in civilized communities toward full recognition of the rights of its economical administration, such action because a validation of the country.

that surrender should not be made.
INTERNATIONAL COPYRIGHT,
The drift of sentiment in civilized communities toward full recognition of the rights of property in the creations of the human intellect has brought about the adoption, by many imto their respective writings and discoveries,"
this Government did not feel warranted in becoming a signatory, pending the action of Congress upon measures of international copyright
now before it; but the right of adnession to the
Berne convention has been reserved. I trust the subject will receive at your hands the at-tention it deserves, and that the just claims of authors, so urgently pressed, will be duly heeded.

Representations continue to be made to me of the injurious effect upon American artists studying abroad, and having free access to the art collections of foreign countries, of maintaining a discriminating duy against the introduction of the works of their brother artists of other countries, and I am induced to report my recommendation for the alsolition of repeat my recommendation for the abolition of

that law. THE CONSULAR RERVICE.

Pursuant to a provision of the Diplomatic and Consular Appropriation act, approved July I, 1886, the estimates submitted by the Secretary of State for the maintenance of the consular service have been recast on the basis of salaries for all officers to whom such allowance is service have been recast on the basis of salaries for all officers to whom such allowance is deemed advisable. Advantege has been taken of this to realistribute the salaries of the officers not appropriated for, in accordance with the work performed, the importance of the representative duties of the importance of the representative duties of the incumbent, and the cost of living at each post. The last consideration has been too often lost sight of in the allowances heretofore made. The compensation which may suffice for the

decent maintenance of a worthy and capable officer in a position of oneous and representative trust at a post easily accessible, and where the necessaries of life are abundant and cheap, may prove an inadequate pittance in distant lands, where the better part of a year's pay is consumed in reaching the pest of duty, and where the comforts of ordinary civilized existence can only be obtained with difficulty and at exorbitant cost. I trust that, in considering the submitted schedule, no mistaken theory of economy will perpetuate a system which in the past has virtually closed to deserving talent many offices where capacity and attainments of a high order are indispensable, and in not a few instances has brought discredit on our national character and entailed embarrassment and even suffering on those deputed to uphold our dignity and interests abroad. In connection with this subject, I carnestly

puted to uphold our dignity and interests abroad. In connection with this subject, I carnestly reiterate the practical necessity of supplying some mode of trustworthy inspection and report of the manner in which the consulates are conducted. In the absence of such reliable information, efficiency can scarzely be rewarded or its opposite corrects.

Increasing competition in trade has directed attention to the value of the consular reports printed by the Department of State, and the efforts of the Government to extend the practical usefulness of these reports have crarked a wider demand for them at home and a spirit of emulation abroad. Constituting a record of the changes occurring in trade, and of the progress of the arts and inventions in foreign countries, they are much sought for by all interested in the subjects which they embrace.

RATIONAL FINANCES.

NATIONAL FINANCES.

The report of the Secretary of the Treasury exhibits in detail the condition of the public finances and of the several branches of the Government related to his department. I especially direct the attention of Congress to the recommendations contained in this and the last precedure property to be several to be a contained in the second contained in the second contained to the second contained contained to the second contained to the secon neding report of the Secretary touching the sim-philication and amen iment of the laws relating to the collection of our revenues, and in the inter at of economy and justice to the Government I hope they may be adopted by appropriate legislation. The ordinary receipts of the Government for the fiscal year ended June 3 1886 were \$336,439,727.05. Of this amount \$192, 1886 were \$336,400,727.05. Of this amount \$192 905,023.41 was received from customs, and \$116 385,936,48 from internal revenue, while the total receipts as here stated were \$13,748,023.68 greater than for the previous year, the increase from customs was but \$11,434,084.10, and from internal revenues \$4,407,210.94, making a gain in these items for the last year of \$13.841,-2.5.04, a falling off in other resources reducing the total increase to the smaller amount men-tioned. The expense at the different custom houses of collecting this increased customs revonue was less than the expense attending the collection of such revenue for the proceding year by \$490,6.8, and the increased receipts of internal revenue were collected at a cost to the Internal Revenue Bureau of \$155, 314.09 less than the expense of such collection 94.09 less than the expense of such collection for the previous year. The total ordinary expenses of the Government for the fiscal year ended June 30, 18.6, were \$242,483,138,50, being less by \$17,788,797 than such expenditures for the year preceding, and leaving a surplus in the treasury at the close of the last fiscal year of \$93,956,586,56, as against \$33,463,771,27 at the close of the previous year, being an increase in such \$17. previous year, being an increase in such \$:r-plus of >3,492,817.23. The expenditures com-pare I with those of the preceding fiscal year, and pare I with those of the preceding fiscal year, and classified, are as follows: For civil expenses, year ending June 3), 1886, \$21,955,6 4.01; year ending June 3), 1886, \$21,955,6 4.01; year ending June 3), 1885, \$93,823,912,21. For foreign intercourse, 1886, \$133,222,088; 1885, \$543,900,915,817; 1885, \$155,252,953, For pensions, 1881, \$63,404,854,03; 1881, \$56,102,267,44. For military, including river and harbor improvements and arsenals, 1886, \$34,324,152,74; 1835, \$12,670,578,47. For the navy, including vessels, machinery and improvements of navy yards, 1886, \$13,907,887,74; 1885, \$16,921,000,03. For interest on public debt, 1886, \$30,581,114,37; 1885, \$51,386,256,47. For the District of Columbia, 1885, \$51,386,256,47. For the District of Columbia, 1885, 82.8.2, 321.89; 1885, 83.49,459.91. Miscellaneous expenditures, including public buildings, lighthouses, and collecting the revenue, 1880, 867,986,780,04, 1885;

\$54,728 0 3,21. For the current year, to end June 30, 1887, the ascertained receipts up to October 1, 1881, with such receipts up to October 1, 1886, with such receipts estimated for the remainder of the year, amount to \$355,000,000. The expenditures ascertained and estimated for the same period are \$255,000,000, indicated an anticipated surplus at the close of

the year of \$90,000,000. The total value of the exports from the United States to foreign countries during the fiscal year is stated and compared with the preceding year

The value of some of our leading exports during the last fiscal year, as compared with the value of the same for the year immediately proeding, is here given and furnishes information oth interesting and suggestive: For the year ending June 33, 1886. June 30, 1885.

compared with the previous year, were as fol-

In my last annual message to the Congress attention was directed to the fact that the revenues of the Government exceed its actual

needs, and it was suggested that legis-lative action should be taken to relieve the people from the unnecessary burden of tax-ation thus made apparent. In view of the press-ing importance of the subject, I deem it my duty to again urge its consideration. The income of the Government, with its increased volume and than ever in excess of public necessities. The application of the surplus to the payment of such portion of the public debt as is now at our option, subject to extinguishment, if continued at the rate which has lately prevailed, would retire that class of indebtedness within less than one year from this date. Thus a continuation of our present revenue would soon result in the receipt of an annual income much greater than necessary to meet Government expenses, with no indebtedmeet Government expenses, with no indebtedness upon which is could be applied. We should
then be confronted with a vast quantity of
money, the circulating medium of the people,
hoarded in the Treasury, when it should be in
their hands, or we knowld be drawn into wasteful public extravagance with all the corrupting
actional democratication which follows in its national demoralization which follows in its

of its economical administration, such action becomes ruthless extertion and a violation of the fundamental principles of a free Governproperty in the creations of the human intellect has brought about the adoption, by many important nations, of an international copyright convention, which was signed at Berne on the leth of September, 1883. Inasmuch as the Constitution gives to Congress the power to promote the progress of science and useful arts by securing, for limited times, to authors and inventors the exclusive right to their respective writings and discoveries, this Government did not feel warranted in becoming a signatory, pending the action of Congress upon measures of international copyright now before it; but the right of adhesion to the Berne convention has been reserved. I trust capital, though sometimes vaunting its importance and chanoring for the protection and favor of the Government, is dull and sluggish till, touched by the magical hand of labor, it springs into activity, furnishing an occasion for federal taxation, and gaining the value which enables it to bear its burden, and the laboring man is thought fully inquiring whether, in these circumstances, and considering the tribute he constantly pays into the public treasury as he supplies his daily wants, he receives his fair share of advantages.

daily wants, he receives his fair share of advantages.

There is also a suspicion abroad that the surplus of our revenue indicates abnormal and exceptional business profits, which, under the system which produces such surplus, increase, without corresponding benefit to the people at large, the vast accumulations of a few among our citizens whose fortunes, rivaling the wealth of the most favored in anti-Democratic nations, are not the natural growth of a steady, plain, and industrious republic. Our farmers, two, and those engaged directly and indirectly in supplying the products of agricul-

which distress the American farmer. As every patriotic citizen rejoices in the constantly increasing pride of our people in American citizenship, and in the glory of our national achievements and progress, a sentiment prevails that the leading-strings useful to a nation in its infancy may well, to a great extent, be discarded in the present stage of American ingenuity, courage and fearless self-reliance. And for the privilege of indulging this sentiment with true American enthusiasin, our citizens are quits willing to forego an idle suspius in the public treasury. And all the people knew that the average rate of Federal taxation upon imports to-day, in time of peace, is but little less, while upon some articles of necessary consumption it is actually more, than was imposed by the grievous burien willingly borne at a time when the Government needed millions to maintain by a war the safety and integrity of the United States. and integrity of the United States.
REVISION OF THE REVENUE LAW.
It has been the policy of the Government to

It has been the policy of the Government to collect the principal part of its revenues ov a tax upon imports, and no change in this policy is desirable. But the present condition of affairs constrains our people to demand that by a revision of our revenue laws the receipts of the Government shall be reduced to the necessary expense of its economical administration, and this demand should be recognized and obeyed by the people's representatives in the legislative the people's representatives in the legislative branch of the Government. In readjecting the burdens of Federal taxation a sound public policy requires that such of our citizens as have built up large and important industries under present conditions should not be sud-denly, and to their injury, deprived of advan-taces to which they have adapted their business; but if the public good requires it, they should be content with such consideration as shall deal farry and cautiously with their interests, while the just demands of the people for relief from needless tara ion is honestly answered. A reasonable and timely submission to such a decard should certainly be possible without disastrous shock to any interest, and a characteristic content of the conten cheerful concession sometimes averts abrupt and heedless action, often the outgrowth of impatience and delayed justice

THE AMERICAN LABORER Due regard should be also accorded in any proposed readjustment to the interests of American labor so far as they are involved. We congratulate ourselves that there is among us no laboring class, fixed within unyielding bounds, and doomclass, fixed within unyleiding bounds, and doomed under all conditions to the inexorable fate of daily to i. We recognize in labor a chief factor in the wealth of the recognize, and we treat those who have it in their keeping as citizens entitled to the most careful regard and thoughtful attention. This regard and attention should be awarded them, not only because labor is the capital of our workingman, justily entitled to its share of Government favor, but for the further and not less important reason that the laboring man, surrounded by his family in his humble home, is virtually interested in all that cheapens the cost of living and enables him to bring within his domestic circle additional conforts and advantages. This relation of the workingman his domestic circle additional confors and advantages. This relation of the workingman to the revenue laws of the country, and the manner in which it palpably influences the question of wages, should not be forgotten in the justifiable prominence given to the proper maintenance of the supply and pritection of well paid labor. And these considerations sugwell paid labor. And these considerations suggest such an arrangement of Government revenues as shall reduce the expense of living, while it does not curtail the opportunity for work nor reduce the compensation of American labor and injuriously affect its condition and the dignified place it holds in the estimation of our records. our people.

But our farmers and agriculturists, those who

from the soil produce the things consumed by all are perhaps more directly and plainly concerned than any other of our estigens in a just and carethan any other of our citizens in a just and careful system of Federal taxation. Those actually
engaged in, and more remot by connected with,
this kind of work number nearly one-half of our
population; none labor harder or more cortinaously than they. No emactments limit their
hours of toil, and no interposition of the Goverment chiances to any great extent the value
of their products; and yet for many of the
necessaries and comforts of life, which the most
scraphlous economy embles them to bring into
their homes, and for their implements of scrupulous economy enables them to bring into their homes, and for their implements of husbandry, they are obliged to pay a pre-largely increased by an unnatural profit, which, by the action of the Government, is given to the more favored manufacturer. I recommend that, keeping in view all these considerations, the increasing and unnecessary surplus of national income annually accumulating be released to the people, by an amendment to our revenue laws, which shall cheapen the price of the necessaries of life, and give freer entrance to such imported materials as, by American labor, may be manufactured into marketable comas follows:

For the year ending
June 30, 1886, June 33, 1885,

Domestic merchandise, 5065,604,529

S726,6-2,946

Foreign merchandise, 13,550,301

15,56,839

Foreign merchandise, 3, 377,892

Mark the property of the year ending
June 30, 1886, June 33, 1885,

may be manufactured into marketable commodities. Nothing can be accomprished, however, in the direction of this much-needed reverse, in the direction of this much-needed reverse in the subject is approached in a form unless the subject is approached in a patriotic spirit of devotion to the interests of the entire country and with a willing ess to yield something for the whole gool.

something for the whole gool.

THE PUBLIC DEBT.

The sum paid upon the public debt during the fiscal year ended June 30, 1880, was \$41,551,943,30.

During the tweive mouths ended October 31, 1886, three per cent, bonds were called for redemption, amounting to \$12,283,180, of which \$80,643,200 was so called to answer the requirements of the law relating to the cinking fund, and \$85,393,800 for the purpose of relucing the sec. 43,200 was so called to answer the requirements of the law relating to the sinking fund, and \$46,303,000 for the purpose of relacing the dobt by application of a part of the surplus in the Treasury to that object. Of the bonds thus called \$102,200,450 became subject, under such calls, to redemption error to November 1, 1880. The remainder, amounting to \$250,136,450, matured under the calls after that date. In addition to the amount subject to payment and cancellation prior to November 1, there were also paid before that day certain of these bonds with the interest thereon, amounting to \$5,0 2,300, which were anticipated as to the maturity, of which were anticipated as to the maturity, of which \$2601, \$50 had not been called. Thus \$167,44,500 had been actually applied prior to the 1st of November, 1880, to the extinguishment of our bonded and interest bearing debt, leaving on that day still outstanding the sum of \$1,153,443,-112. Of this amount \$55,818,700 was still represented by 3 per cent bonds. They, however, have been since November 14, or will at once be, further reduced by \$22,005,150, being bonds which have been called, as already stated, but not redeemed and canceled before the latter date.

date.

SILVER COINAGE.

During the fiscal year ended June 30, 1886, there were coined under the Compulsory Silver Coinage act of 1888, 29,838,819 silver dollars, and the cost of the silver used in such coinage was \$23,448,960,01. There had been coined up to the close of the previous fiscal year under the provisions of the law 200,820,531, silver dollars, and close of the previous fiscal year under the provisions of the law 203,82,55; silver dollars, and on the lat day of December, 1885, the total amount of such coinage was \$217,131,549.

The Director of the Mint reports that at the time of the passage of the law of 1878 directing this coinage, the intrinsic value of the dollar thus coined was 944; cents each, and that on July 31, 1830, the price of silver reached the lowest stage ever known, so that the intrinsic or bullion price of our standard silver dollar at that date was 72 cents. The price of silver on November 33 last was such as to make the dollars intrinsically worth 78 cents each. These differences in the value of the coins represent but the fluctua-

do indicate that compulsory coinage by the Gov-ernment enhances the price of that commodity or secures uniformity in its value. cinculating silver.

Every fair and legal effort has been made by the Treasury Department to distribute this currency among the people. The withdrawal of United States treasury notes of small denominations and the issuing of small silver certificates have been resorted to in the endantity of the content o deavor to accomplish this result, in obedience to the will and sentiments of the representatives of the people in Congress. On the 27th day of November, 18-6, the people held of these coins or certificates representing them the nominal sum of \$166,573,041, and we still have \$79,471,475 the treasure of the second sec imal sum of \$106,573,041, and we still have \$79,464.345 in the treasury, as against about \$142,804.035 so in the hands of the people, and \$72,805,376 remaining in the treasury one year ago. The Director of the Mint again urges the necessity of more vault room for the purpose of storing these silver dollars, which are not needed for circulation by the people. I have seen no reason to change the views expressed in my last annual message on the subject of this compulsory coinage, and I again urgo its suspension on all the grounds contained in my former recommendagrounds contained in my former recommenda-tion, re-enforced by the significant increase of our gold exportations during the last year, as our gold expertations during the last year, as appears by the comparative statement herewith presented, and for the further reasons that the more this currency is distributed among the people the greater becomes our duty to protect it from disaster; that we now have abundance for all our needs; and that there seems but little propriety in building yaults to store such currency, when the only pretense for its coinage is the necessity of its use by the people as a circulating measure.

pretense for its coinage is the necessity of its use by the people as a circulating medium.

The great number of suits now pending in the United States Courts for the Southern District of New York, growing out of the collection of customs revenue at the port of New York, and the number of such suits that are almost daily instituted, are certainly worthy the attention of Congress. These legal controversies, based upon concendiating views by importers and the Collector as to the interpretation of our present condition of this litigation should be relieved. There are now pending about 2,500 of these suits. More than 1,100 have been commenced within eighteen months, and many of the others have been at issue for more than twenty-fivs years. These delays subject the Govern the postal appropriation at its last session, and the department now enjoys the united by all vessels which sail from our ports upon either ocean—service gen

aration necessary to defeat unjust as fictitious claims, while constantly acerbing interest threatens to double the demands involved. In the present condition of the dockets of the courts, well-filled with private suits, and of the ferce allowed the District Atterner, no greater than is necessary for the ordinary and current business of his office, these revenue lligations cannot be considered. In default of the adoption by Congress of a plan for the general reorganization of the rederal courts, as has hereforce been recommended I urget the propriety of passing a law permitting the appointment of an additional rederal Judge in the district where these flovermount suits have excumulated, so that by continued assuments the courts devoted to the trial those cases may be determined. It is entirely plain that a great saving to the Government would be accomplished by such a remedy, and the suitors who have honest claims would not be denied justice through delay.

THE ARMY.

The report of the Secretary of War gives a detailed account of the administration of his department, and contains sundry recommendations for the improvement of the service, which I fully approve. The army consisted at the date

partment, and contains sundry recommendations for the improvement of the service, which
I fully approve. The army consisted at the date
of the last consolidated return of 2,103 officers
and 24,946 enlisted men. The expenses of the
department for the last fiscal year were
\$55,000,903.28, including \$5,29,003.41 for public
works and river ann narbor improvements. I
expecially direct the attent on of Congress
to the recommendation that officers be required
to submit to an examination as a preliminary
to their promotion. I see no objection but
many advantages in adopting this feature,
which has operated a beneficially in our Navy
Department as well as in some branches of the
army. COAST DEFENSES.

The subject of coast defen es and fortifica-tions had been fully and carefully treated by the Board on Fortifications, whose report was submitted at the last session of Congress; but no construction work of the kind recommended by the Board has been possible during the last year from the lack of approximations for such year from the lack of appropriations for such purpose. The defenseless condition of our sea-coast and lake frontier is perfectly pulpable; const and lake frontier is perfectly palpable; the examinations made must convince as all that certain of our cities named in the report of the board should be fortified, and that work on the most important of these fortifications should be commenced at once. The work has been thoroughly considered and laid out, the Secretary of War reports, but all is delayed in default of Congressional action. The absolute necessity, usiged by all standards of prudence and foresight of our preparation for an effectual and foresight, of our preparation for an effectual resistance against the armored ships and steel guns and mortars of modern construction, which guns and mortars of modern construction, which may threaten the cicles on our coasts, is so apparent that I hope effective steps will be taken in that direction insmediately. The valuable and suggestive treatment of this question by the Secretary of War is earnestly commended to the consideration of Congress.

mended to the consideration of Congress.

THE APACHE WAR.

In September and October last the hostile Apachies, who, under the leadership of Geronino, had for eighteen months been on the war path, and during that time had committed many murders and been the cause of constant terror to the settiers of Arizona, surrendered to General Miles, the military commander who succeeded General Crook is the management and direction of their pursuit. Under the terms of their surrender, as then reparted, and in view of the understanding which this murderous savage seemed to entertain of the assurances given them, it was considered best to imprison them in such manner as to prevent their ever engaging in such outrages again, instead of trying them for murder. Fort Pickens having been selected as a safe place of confinement, all the adult males were sent thither, and will be closely guarded as prisoners. In the meantime the residue of the band who, though still remaining upon the prisoners. In the meantime the residue of the band who, though still remaining upon the reservation, were regarded as unsefe, and sus-pected of furnishing aid to those on the war-path, had been removed to Fort Marion. The women and larger children of the hostiles were also taken there, and arrangements have been made for putting the children of proper age in Indian schools.

THE WAR-VESSELS.

The report of the Secretary of the Navy contains a detailed report of the condition of his department, with such a statement of the action lad to improve the same as should challenge the carnest attention of Congress. The present navy of the United States, uside from the ships in course of construction, consists of: First, fourteen single-turreted monitors, none of which n commission nor at the present time servlete, and they can only be relied upon as auxiliary ships in harbor defense, and then after such an expenditure upon them as might not be deemed justifiable. Second, five fourth-rate vessels of small tennage, only one of which was designed as a war vessel, and all of which are auxiliary merely. Third, twenty-seven cruising ships, three of which are built of iron and of small tonnage, and twenty-four of wood. Of these wooden vessels it is estimated by the chief constructor of the navy that only three will be serviceable beyond a period of six years, at which time it may be said that of the present

All the vessels heretofore authorized are under contract or in course of construction, ex-cept the armored ships, the torpedo dynamite boats, and one crosier. As to the last of these, the bids were in excess of the limit fixed by

Congress.

Aunch and our stell.

The production in the United States of armor and gan steel is a question which it seems necessary to settle at an early day, if the necessary to settle at an early day, if the armored war vessels are to be completed with these materials of home manufacture. This has been the subject of invest gation by two beards and by two special committees of Congress within the last three years. The report of the Gon Foundry Board in 1884, of the Board of Fortifications made in January last, and the reports of the select committees of the two houses made at the last session of Congress have entirely exhausted the subject so far as preliminary investigation is involved, and in their recommendation they are substantially agreed.

involved, and in their recommendation they are substantially agreed.

In the event that the present invitation of the department for bids to furnish such of this material as is now authorized shall fail to induce domestic manufacturers to undertake the large expenditures required to prepare for this new manufacture, and no other steps are taken by Congress at its coming session, the Secretary contemplates, with dissatisfaction, the necessity of obtaining abroad the armer and the gun steel for the authorized ships. It would seem desirable that the wants of the army and the navy in this regard should be reasonably met, and that by gard should be reasonably met, and that by uniting their contract, such inducement might be offered as would result in securing the domestication of these important interests.

The affairs of the postal service show marked and grafficing increases of the postal service show marked.

The affairs of the postal service show marked and gratifying improvement during the past year. A particular account of its transactions and condition is given in the report of the Postmaster General, which will be laid before you. The reduction of the rate of letter postage in 1981, rendering the postal revenues inadequate to sustain the expenditures, and business depression also contributing, resulted in an excess of cost for the fiscal year ended June 30, 1835, of eight and one-third millions of dollars. An additional check upon receipts by doubling the measure of weight in rating sealed correspondence, and diminishing one-half the charge for newspaper carriage, was imposed by legislation, which took effect with the beginning of the past fiscal year; while the constant demand of our territorial development and growin; population for the extension and increase of mail facilities and machinery necessitate a steady annual advance in outlay. and increase of mail facilities and machinery necessitate a steady annual advance in outlay. The caroful estimate of a year ago upon the rates of expenditure then existing contemplated the unavoidable augmentation of the deficiency in the last fiscal year by nearly two millions of dollars. The anticipated revenue for the last year failed of realization by about \$60,000, but proper measures of economy have so satisfactorily limited the growth of expenditures that the total deficiency, in fact, fell below that of 18s, and at that time the increase of revenue is in a gaining ratio over the increase of cost, demonstrating the sufficiency of the present rates of postage ultimately to sustain the service. This is the more pleasing because our people enjoy now both cheaper postage, proportionately to distances, and a vaster and more costly service than any other upon the globe.

globe.

Retrenchment has been effected in the cost

Retrenchment as been effected in the cost Retrenchment has been effected in the cost of supplies; some expenditures unwarranted by law have ceased, and the outlays for mail carriage have been subjected to beneficial scrutiny. At the close of the late fiscal year the expense of transportation on star routes stood at an annual rate of cost less by over \$550,000 than at the close of the previous year, and steamboat and mail messenger service at nearly \$200,000 less. The service has been in the meantime enlarged and extended by the establishment of new offices, increase of routes of carriage, expansion of carrier delivery conveniences, and additions to the railway mail facilities in accordance with the growing exigencies of the Government. The Postmaster General calls attention to the existing law for compensating railroads, and expresses the opinion that a method may be devised which will prove more just to the carriers and beneficial to the Government; and the subject appears worthy of your early consideration.